

Testimony of Tim Frank, Legislative Representative of Sierra Club California

Decent, safe affordable housing is a basic necessity of life. Without affordable housing, families and communities are destabilized, and land use and commute patterns are skewed. Addressing this critical problem is important to environmentalists because building more, and more fairly distributing, affordable housing will do more to protect open-space and air and water quality than many measures aimed explicitly at achieving those ends.

Affordable housing protects open-space by improving the density of our housing stock. Since housing occupies in the neighborhood of $\frac{3}{4}$ of our urban land, improving residential density is one of the most important steps we can take to protect open-space. Density also helps make transit more practical and thereby helps reduce pollution.

Better distribution of affordable housing also helps reduce pollution by reducing trip demand. The reason for this is that market-rate housing is typically extremely segregated by cost, and consequently forces residents to make location decisions based on their wallet rather than on what will minimize their travel demands. Better distributing affordable housing can lead to less driving, and hence less demand on expensive infrastructure. We also appreciate that better distributing affordable housing brings substantial social benefits.

There are a variety of policy tools that can address the need for infill and affordable housing. Reforms of our fiscal policy are among the most important of these. Certainly a permanent source of funding for state affordable housing programs is key. Better leveraging state infrastructure and housing investments against each other would be helpful. Somewhere much further down the list, it would be appropriate to note that CEQA is an important tool in planners' hands, and deserves some attention too.

CEQA has improved projects and has helped create more livable communities throughout the state. All manner of projects including commercial, industrial, infrastructure and residential projects have been improved by CEQA. In some cases, an EIR can help make the case for denser, mixed use, or mixed income housing. Just a few miles from here, in Natomas, lies an example of CEQA working to the benefit of affordable housing. The developer of Cambay West asked to have the property down-zoned to single family detached. The Sierra Club invoked CEQA and presented a fair argument that down-zoning would result in more rather than less environmental impacts. Our intervention led to the development of a larger number of units and to the inclusion within that project of a substantial component of affordable housing.

Though all manner of projects can be improved by CEQA, not all projects require the same scrutiny. CEQA provides preferred treatment for numerous types of housing projects. For instance, it contains an exemption, if conditions are met, for low and moderate-income housing projects of not more than 100 units in an urbanized area (section 21080.14 of the Public Resources Code). It contains a provision (called a "Certified EIR with Residential Development or Community Plan") that limits any

subsequent review to environmental effects that are unique to the parcel. Parcels zoned to accommodate a particular density, and that are otherwise consistent with the general plan, are eligible for this expedited process under CEQA (Section 21083.3 of the Public Resources Code).

CEQA also contains an existing provision called a Master Environmental Impact Report (MEIR) that is intended to streamline the later review of projects that are within the MEIR. This process allows lead agencies to reduce or even eliminate subsequent review of projects or projects that will be phased in over time. Redevelopment plans, general plans, and specific plans (all of which may contain housing projects) are eligible for consideration pursuant to the MEIR process (Pub. Resources Code 21157, subd. (a).)

The law as it is currently written works quite well. Moreover, we believe that environmental review in an urban context is just as important as environmental review for green-field projects (surely urban dwellers deserve a healthy environment as much as anyone). We have, hence, fought efforts to terminate environmental review of urban projects. Nonetheless, we have worked hard with Assemblyman Thomas Calderon to develop an expedited environmental review for infill residential projects in urban areas. The result of that effort, now contained in AB 1086, is a more elegant process that will save project proponents' time and resources while protecting the integrity of environmental review.

Another idea we have explored is to expand the attention paid in the environmental review to the impact of commercial and industrial projects on the housing market, when located in areas with a surplus of jobs relative to the housing supply. This is an impact which ought to be mitigated.

While it is interesting to explore what changes to CEQA might help promote affordable housing, there are a wide variety of other state policies with a much more direct bearing on whether housing will or won't get built, in what form and where. These deserve greater attention.

For one, the state ought to establish a permanent source of revenue for affordable housing. Until it does, it ought to use general fund revenues or bond financing for this purpose. Last year, the Sierra Club supported the Governor's budget for housing, the State's first step in years towards an appropriate commitment. We are now an enthusiastic supporter of Senator Burton's Housing Bond Act of 2002 (SB 1227).

Local funding for affordable housing is important too, and the State can help by providing matching funds for local housing funds. In addition, the state ought to provide incentives for other innovative locally applicable tools such as linkage fees and inclusionary zoning. These latter tools are especially important because they involve the private sector in building livable communities. Another key market based solution would be to establish a more rigorous community reinvestment act for insurance companies operating in California. As you are undoubtedly aware, the federal Community Reinvestment Act (CRA) has proven a critical success in overcoming the practice of

redlining, and increasing access to capital for poor and minority communities. But the federal CRA only applies to banks, and leaves insurance companies without proper oversight. California does have a voluntary community reinvestment program for insurance companies, but it has not lived up to its promise.

Of course, capital investment, public and private, is only part of the solution. Proper zoning for affordable housing is critical too. That is why the Sierra Club is supporting Senator Dunn's SB 910. This is a crucially important piece of legislation that would strengthen the incentives for compliance with the State's fair share laws.

Fiscal reform, too, is critical, as the current fiscal climate for municipalities provides a strong disincentive to zoning for affordable housing. We would like to see regional revenue sharing for sales tax. We would also like to see the state and local fiscal relationship altered to establish a more rational and dependable funding base for local government. Majority voting for taxes would help as well.

While we would like to see more affordable and infill housing built generally, we would especially like to see more construction in job centers and around transit stations. This is a strategy with tremendous environmental pay off, but it makes good economic sense too.

San Mateo County has successfully used transportation funds as financial incentives for infill housing near to public transit. Their modeling exercises ranking congestion relief strategies have shown this strategy to be one of the more promising approaches. The Bay Area Metropolitan Transportation Commission has since adopted an analogous program. We would like to see this kind of effort expanded upon.

Another option worth exploring is direct investments in housing in job centers in lieu of building transportation infrastructure to connect jobs to more distant housing.

As I noted, we would like to see a lot more transit villages developed. But building something like a transit village can be very difficult without the tools that are available to a redevelopment agency. It is no accident that successful transit villages are, for the most part, a result of redevelopment. Lot aggregation (through eminent domain) and tax increment financing are powerful tools. We believe that these tools, in certain circumstances, ought to be made available to municipalities interested in doing appropriate development around transit stations. Senator Torlakson's SB 600 would accomplish this task, and deserves support.

I would like to close by noting that whether housing is affordable depends both on the cost of the housing, and on the wages of the occupants. We would like to see more done to promote living wage jobs for low income families, and have a proud history of advocacy in this area. The last time a state ballot measure proposed to raise the minimum wage, the Sierra Club endorsed the measure and joined the ranks of working men and women promoting its passage.

I have only just begun to describe the array of potential tools that could, and should be applied to creating more affordable housing, and more liveable communities in California. No one tool by itself is a silver bullet that will solve the problem. But as more and more of these tools are put in place, we can begin to make significant progress. The Sierra Club is eager to help.